



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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TO: Each Supervisor

FROM: James A. Noyes
Director of Public Works

PUBLIC WORKS HEADQUARTERS SEISMIC RETROFIT PROJECT BID OPENING

On July 29, 2003, three bids were received for this project from Clark Construction, PCL Construction, and Kajima. The low bid from Clark Construction, at \$27.3 million, is 42 percent higher than the engineer's estimate of \$19.1 million. In light of this information, all bids submitted have been rejected.

In the immediate days following the bid opening, Public Works interviewed all three general contractors to identify bid items and other issues that the General Contractors believe drove their bids up beyond the project construction cost estimate. The apparent reasons for the high bids were: 1) contractor or subcontractors perceived risks associated with this project led to a low number of general and subcontractor bidders and 2) lack of diligence by general contractors in soliciting multiple subcontractors in a timely fashion resulted in reduced competition and rushed bid submittals at higher cost. This is also a symptom of contractors of this size having more work to bid on than they can handle.

In the upcoming weeks, we are developing a plan of action to rebid this project. We will be looking at target areas identified by the general contractors and the project team that could be redesigned to reduce project cost. We will also study separating the project into separate packages to create more contractor and subcontractor competition, reduce the perceived complexity and unknowns, and lower the general contractor and subcontractor markups. Because this project is partially funded through FEMA's Hazard Mitigation Program, we will be requesting through the Chief Administrative Office a time extension as well as exploring an increase in funding from FEMA.

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If you have any questions, please call Tom Remillard at (626) 458-4004 or Jacob Williams at (626) 300-3200.

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cc: Chief Administrative Office
Executive Office